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TO: Members of the House Insurance Committee

From: The Elder Law and Disability Rights Section of the State Bar of Michigan

Date: November 19, 2012

Re: SB 1293 and 1294- and Medigap policies for the Elderly and those with Disabilities

On the 13th of November, the section submitted written testimony primarily on proposed foundation and valuation issues.. The attached memo addresses additional concerns about the proposed BC//BS conversion given the likely impact on the elderly and those with disabilities.

To: Members of the House Insurance Committee

From: The Elder Law and Disability Rights Section of the State Bar of Michigan

Date: November 19, 2012

Re: SB 1293 and 1294 – and Medigap policies for the Elderly and those with Disabilities

The Elder Law and Disability Rights Section of the State Bar of Michigan has concerns about SB 1293 and 1294 because Medigap policies are crucial to many seniors and disabled individuals. Without community ratings, preservation of legacy plans, open enrollments and support for low-income and/or high risk individuals we stand to lose a valuable public benefit—and we may further strain Medicaid if affordable Medigap policies are lost.

The Section is not the State Bar of Michigan itself, but rather a Section which members of the State Bar choose voluntarily to join, based on common professional interest. The positions expressed here are those of the Elder Law and Disability Rights Section only and is not the position of the State Bar of Michigan. To date, the State Bar does not have a position on this matter. The total membership of the Elder Law and Disability rights Section is approximately 1800 individuals.

First, we would note there is no urgent need, at this point, to enact SB 1293 and 1294—as others have pointed out, the federal law often called the Affordable Care Act, passed about 2 and a half years ago. Many of the unconverted Blue plans around the country will offer products in the exchange, and if Michigan needs more time to get Blue's products to an exchange, the one time waiver suggested by others would suffice for now.

Second, it is critical to note that the Affordable Care Act does not take into its oversight Medigap policies—thus pre-existing conditions, age, disability, and prior illness can all be factors in pricing these products. But it is precisely these product purchases—by those who are elderly and disabled--that we should be encouraging and not discouraging. As others will point out too, Medicare Advantage plans are often more expensive and more complicated to consumers, and so the legacy Medigap policies in the state are an important public resource.

Finally, while we are opposed to the bills in their current form because they do not preserve the continuing availability of BCBSM's Legacy Medicare supplement policies for all Michigan Medicare enrollees, including persons under 65 who receive Social Security disability benefits, as well as seniors over age 65, we would at a minimum suggest a fairly simple way to fix this problem: the proposed amendment by the Attorney General to section 5805(3) of SB 1293 , with the additional amendment of subsection (A) to require guarantee issue to "all *Medicare*-eligible applicants."